

CHARLIE BAKER
Governor



KARYN POLITO
Lt. Governor

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PHOTO RELEASE: Governor Baker Signs Fiscal Year 2020 Budget

*Plan includes historic level of funding for education, reforms to lower drug costs and helps low-income seniors;
anticipates another major transfer to the Rainy Day Fund*



For high resolution and additional photos, click [here](#).

BOSTON – Today Governor Charlie Baker signed the Fiscal Year 2020 (FY20) budget into law, a \$43.321 billion plan that includes the highest-ever level of state funding for public schools in Massachusetts. The \$5.2 billion for Chapter 70 aid to education ensures sufficient resources to fund the FY20 costs of an anticipated multi-year overhaul of the school finance formula, while enabling full implementation of the recommendations of the Foundation Budget Review Commission.

“A strong economy and prudent fiscal management have allowed our Administration to work with the Legislature to continue building the Commonwealth’s Stabilization Fund and invest in key areas like housing, education and efforts to fight opioid misuse,” **said Governor Charlie Baker**. “When we filed our budget and school finance reform proposals in January we pledged to update the formula that funds our public schools, recognizing the challenge that some school districts face in keeping up with the cost of funding a quality public school education for every child in Massachusetts. The Fiscal Year 2020 budget will allow the Commonwealth to take another step toward providing the necessary resources to continue implementing the recommendations of the Foundation Budget Review Commission, and we look forward to working with the Legislature on a bill that modernizes the Chapter 70 school finance formula and provides new tools and resources to ensure that this significant investment leads to better outcomes for all Massachusetts children, especially those in our highest-need communities. This budget also makes law the product of a bipartisan compromise to create a program to control the rising costs of prescription drug prices, saving taxpayers millions.”

“Since taking office, our Administration has been focused on building strong partnerships with Massachusetts cities and towns, from funding for public schools and public safety needs to local economic development programs and housing assistance,” **said Lt. Governor Karyn Polito**. “This fiscally responsible budget continues that commitment, while addressing the Commonwealth’s most pressing needs including care for vulnerable children and assistance for our seniors.”

The budget builds on the Administration’s previous investments to implement the Foundation Budget Review Commission’s recommendations, and includes significant new funding for school districts to meet the cost of educating low-income students, English language learners, and students with special needs, as well as to address the rising cost of health care.

In addition to \$5.2 billion in Chapter 70 aid — an increase of \$268 million over Fiscal Year 2019 (FY19) — the budget includes \$115 million for charter school reimbursements for local school districts, a significant \$25 million increase to support an updated formula to reimburse districts for charter school tuition increases, including an increase in the facilities stipend for charter schools.

The historic investment in public education is made possible because of continuing responsible management of the Commonwealth’s finances. Since 2015 the Baker-Polito Administration has focused on returning structural balance to the state budget, working with the Legislature to keep spending in line with revenue growth and rebuild the Commonwealth’s reserves, while investing in critical areas of the budget including education, housing, transportation, efforts to fight opioid misuse, the care of vulnerable children and support for cities and towns. The implementation of reforms and efficiencies within the MassHealth program has provided flexibility throughout the rest of the budget, while continuing to protect access to health care.

The budget includes a landmark new drug pricing measure that authorizes the Executive Office of Health and Human Services to directly and more effectively negotiate with drug manufacturers and, if necessary, engage in a public process to identify a proposed value for certain high-cost drugs if negotiations are unsuccessful. This reform is consistent with the Administration's continuing efforts to manage the growth of MassHealth spending. MassHealth pharmacy spending has nearly doubled since 2012, even while the program has successfully implemented policies to rein in spending growth from historical double-digits to single digits and to ensure MassHealth sustainability. Despite this work, growth in pharmacy spending continued to outpace all other MassHealth spending.

"Along with the House and Senate, the Baker-Polito Administration has employed fiscal discipline to restore structural balance to the budget, eliminate the use of non-recurring revenue, restrain growth in MassHealth spending, and build the balance in the Stabilization Fund," **said Administration and Finance Secretary Michael J. Heffernan**. "These efforts continue to pay off, and along with a strong Massachusetts economy are now enabling major investments in priority areas, including education and transportation."

The FY20 budget represents an approximately 3.3% increase in spending over estimated spending in Fiscal Year 2019 (FY19). The total \$43.321 billion in spending excludes certain trust fund transfers.

The budget includes \$1.1 billion in unrestricted local aid for cities and towns, up \$183 million since Fiscal Year 2015 (FY15).

Earlier this week, the Administration announced that the transfer of certain FY19 capital gains taxes to the Stabilization Fund has brought the current balance of the fund to \$2.8 billion, the highest balance ever. The FY20 budget anticipates a further \$476 million net increase in the Stabilization Fund, estimated to bring the balance to nearly \$3.3 billion by the end of FY20 — triple the balance when the Administration took office and representing more than 10% of tax revenue, an important protection against any future disruption in the economy.

The budget plan also supports a further drop in the Part B income tax rate to 5% on January 1, 2020, the third income tax reduction since the start of the Administration, returning approximately \$90 million to taxpayers in FY20.

The FY20 budget assumes \$406 million growth in state tax revenue over preliminary actual FY19 tax revenue, for a total of \$30.1 billion, representing a tax revenue growth estimate of 1.4%. This growth rate assumes continued economic growth offset by declines in corporate taxes as well as capital gains taxes. Both these categories are historically volatile and experienced extraordinarily high collections in FY19, and the FY20 budget prudently assumes these collections will not repeat.

The FY20 budget also includes a change that will significantly reduce health care costs for thousands of low-income seniors. Included in the Administration's House 1 budget proposal in January, the change will expand the income eligibility for the Medicare Savings Program to provide assistance to approximately 40,000 low-income seniors. A state investment of \$7 million annually (\$4 million in FY20) is expected to leverage more than \$100 million in Medicare prescription drug subsidies accruing directly to older consumers.

The budget also fulfills the Administration's promise to end the temporary, enhanced Employer Medical Assistance Contribution (EMAC) at the end of calendar year 2019.

The budget builds on the Commonwealth's progress in addressing the opioid epidemic by increasing investments in substance misuse prevention and treatment to a total of \$246 million across several state agencies. Since FY15 the Administration has doubled the Commonwealth's investment in substance misuse programs and services.

Also included is the Administration's proposal to require online marketplace facilitators to collect and remit tax on sales to Massachusetts customers on behalf of vendors who sell products on their online marketplace platforms, streamlining the revenue collection process and leveling the playing field for Massachusetts "Main Street" retailers.

The budget supports a total of \$20.3 million to implement the recommendations of the Administration's Black Advisory Commission and Latino Advisory Commission, including funding to develop and expand college and career pathways for high school students through the STEM Pipeline and Early College programs, expand targeted workforce development programs for Black and Latino youth, and improve and expand English for Speakers of Other Languages (ESOL) programs.

It also includes a significant increase in support for Massachusetts residents who need housing or shelter, including \$179 million in emergency assistance funding to provide shelter to homeless families, \$110 million for the Massachusetts Rental Voucher (MRVP) program, \$72 million for Local Housing Authorities (LHAs) and \$4 million to increase the number of ADA-accessible units within the homeless shelter system.

As part of the budget-signing, Governor Baker signed 99 outside sections and returned 9 to the Legislature with proposed amendments.

Key FY20 Budget Highlights:

Education

- A total of \$1.1 B in funding for the University of Massachusetts, state universities, and community colleges
- \$106 M for scholarship assistance
- \$345 M for special education circuit-breaker funding for cities and towns
- \$76 M for regional school transportation
- \$20 M to fund a rate increase for state-subsidized early education and child-care providers
- \$2.5 M for Early College programs
- \$1.5 M for the STEM Pipeline Fund to expand work-based learning opportunities for high school students in the fields of Science, Technology, Engineering, and Math

Support for Cities and Towns

- \$5.2 B for Chapter 70 education aid
- \$1.1 B for Unrestricted General Government Aid (UGGA)
- \$3 M for District Local Technical Assistance to support regionalization projects

Substance Misuse

- Total of \$246 M in funding across several state agencies (not including MassHealth) including:
 - \$172 M for Department of Public Health substance misuse prevention and treatment services, a \$13 million increase above FY19 spending
 - \$19 M for medication-assisted treatment within correctional facilities
 - \$3 M to continue funding for Recovery High Schools

Transportation

- \$698 M for transportation overall, including MassDOT operations, the MBTA, and Regional Transit Authorities
- A \$1.1 B sales tax transfer, in addition to \$127 million in operating budget support, for the MBTA
- \$90.5 M for Regional Transit Authorities, which includes \$3.5 million in funding expressly tied to performance metrics

Energy and Environment

- \$5 M in increased funding for the Department of Public Utilities' Pipeline Safety Division
 - Increased assessment on utility distribution companies to fund more pipeline inspectors at the Department of Public Utilities
- \$2.2 M for Climate Adaptation and Preparedness

Housing

- \$179 M in emergency assistance funding to provide shelter to homeless families
- \$110 M for the Massachusetts Rental Voucher (MRVP) program
- \$72 M for Local Housing Authorities (LHAs)
- \$53 M for homeless shelters serving individuals
- \$4 M in new funding to expand ADA-accessible units within the homeless shelter system

Sexual Assault and Domestic Violence Prevention

- \$80 M across several agencies, a 25% increase in funding since 2015, including funding to provide emergency shelter to victims of domestic violence and their children

Other Health and Human Services

- \$1.1 B for the Department of Children and Families, representing an increase of \$193 M since FY15
- \$902 M for the Department of Mental Health, including \$10 M trust for behavioral health access, outreach, and support
- \$50 M gross (\$25 M net) for an increase in nursing home rates
- \$10.2 M for the Safe and Successful Youth initiative
- Fully funds the Department of Developmental Services' Turning 22 program at \$25 M
- Adopts the Administration's proposal to disregard the value of a single vehicle when calculating eligibility for the TAFDC program

Workforce and Economic Development

- \$7 M for the Workforce Competitiveness Trust Fund
- \$3.1 M for Small Business Technical Assistance grants

- \$2.5 M for the Urban Agenda grant program, including targeted workforce development programs for Black and Latino young adults
- \$1 M for Learn to Earn
- Transfer of any FY19 consolidated net surplus to the Community Preservation Trust Fund (\$20 M) and the Massachusetts Life Sciences Center (\$10 M)

Criminal Justice and Public Safety

- Funding to implement requirements of the criminal justice reform law, including \$2 M for increased staffing at the State Police Crime Lab to meet the new 30-day testing requirement for Sexual Assault Evidence (SAEK) kits, an increase in funding for the Parole Board to support an anticipated higher caseload of individual newly released into supervision, and additional funding for education, mental health, and medical staff at the Department of Correction
- \$11 M for Shannon grants to communities to reduce gang violence
- \$9 M for medication-assisted treatment within the Department of Correction
- \$4.8 M for mental and behavioral staff within the Department of Correction to address the requirements of criminal justice reform
- \$4.5 M for a new class of at least 100 State Police recruits
- \$3.2 M to operate a new Southeast Fire Training Academy in Bridgewater (the Administration included \$10 M in authorization for construction of the facility in its General Governmental Bond Bill)

[Link to FY20 Budget](#)

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